

Reg. No. : .....

Name : .....

**Second Semester B.Com. Degree Examination, May 2020**

**Career Related First Degree Programme Under CBCSS**

**Group 2 (a) Commerce and Tax Procedure and Practice**

**Vocational Course II**

**CX1271 - INCOME TAX LAW AND PRACTICE – I**

**(2018 Admission onwards)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions. **Each** question carries **1** mark.

1. What is LTC?
2. What is the charging section of income from salary?
3. What is URPF?
4. What is the statutory limit for retrenchment compensation?
5. Define FRV.
6. What do you mean by sub-letting?
7. What is the tax treatment of free meals?
8. Who is an assessee in default?

P.T.O.

9. What do you mean by HRA?
10. What is direct tax?

(10 × 1 = 10 Marks)

### SECTION – B

Answer **any eight** questions. Each question carries **2** marks.

11. What is annual accretion?
12. What is Gross Total Income?
13. What do you mean by unrealized rent? State the conditions of rule 4.
14. Define previous year.
15. Define person.
16. What is an Indian company for tax purposes?
17. What is income deemed to be received?
18. Mr. E, an English citizen, visits India on 15.10.2018 and stays up to 20.12.2018 before leaving for Holland. During 2016-2017 he stayed in India for 310 days and in 2015-16 for 57 days. Prior to 2015-16 he never visited India. Determine his residential status for the previous year 2018-19.
19. What do you mean by fringe benefits?
20. What is the tax treatment of gift given by employer to employee?
21. What is the tax treatment of encashment of earned leave?
22. Explain the residential status of firm.

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions. **Each** question carries **4** marks.

23. Explain the tax treatment of Provident Fund.
24. Mr. Ram was getting pension from a bank Rs.12,000 p.m. with effect from 1.6.2018, he commuted two third of the pension and received Rs.4, 80,000. Compute taxable amount of pension if;
- (a) He received gratuity at the time of retirement
- (b) He did not receive gratuity at the time of retirement.
25. Mr. George, a resident of Agra receives Rs.1,92,000 as basic salary during the year 2018-19. In addition, he gets Rs.19,200 p.a as dearness allowance forming part of pay, 7% commission on sales made by him (sales made by Mr. George during the year 2018-19 was Rs.86,000) and Rs.24,000 p.a as House Rent Allowance. He pays Rs.21,500 p.a as rent. Compute the House Rent Allowance exempt from tax.
26. Compute Income from House property.
- Municipal valuation Rs.1,50,000
- Fair rental value Rs.1,80,000
- Standard rent Rs.1,60,000
- Actual rent receivable Rs.20,000 p.m
- Municipal taxes, 4%, half of which is paid by the owner and the other half paid by the tenant. Unrealised rent admissible Rs. 25,000
- Interest on loan taken for repairing the property Rs. 40,000

27. What are the fringe benefits given by the employer to the employee?
28. What are the deductions allowed while computing Income from House Property?
29. Write down fully taxable and fully exempted allowances.
30. Mr. Sam, a Government employee has the following income during the year 2018-19.

Salary received in Bhutan for services rendered in India Rs.1,00,000

Agricultural Income from Bhutan Rs.40,000 and from India Rs.2,00,000

Dividend from an Indian company Rs.20,000

Income from transfer of long term capital asset in India Rs.40,000

Interest earned and received in Bhutan and deposited in a bank there Rs.10,000

Bank interest earned on fixed deposit with SBI Rs.50,000 (half received abroad)

Compute taxable income if he is:

- (a) Ordinarily Resident
- (b) Not ordinarily resident
- (c) Non resident
31. Mr. Babu retired from a company on 4<sup>th</sup> January 2019 after a service of 26 years. At the time of retirement, his basic pay was Rs. 20,000 pm, D.A Rs.3,200 p.m. He received a Gratuity of Rs.4, 00,000. He is covered by payment of Gratuity Act, 1972. Find out taxable amount of Gratuity.

(6 × 4 = 24 Marks)

SECTION – D

Answer any **two** questions. **Each** question carries **15** marks.

32. Explain the residential status of an Individual.

33. Mr. Pillai is working in a Textile Mill in Ahmadabad. The following are his incomes.

Basic Pay Rs.7,000 p.m.

D.A (50% forming part of pay) 2,500 p.m.

Entertainment Allowance 1,500 p.m.

Children education Allowance (for one child) 350 p.m.

Provided a rent free house, the fair rent of which is Rs.48,000 (population exceeds 25 lakhs). Furniture costing Rs.48,000 was also provided.

Provided a small car for private use. Its maintenance cost is 82,400, depreciation Rs.30,000 and drivers salary Rs.5,000 p.m

Provided free meals @ Rs.60 per meal for 250 days

Reimbursed Rs. 15,000 for medical treatment in a private hospital

He and his employer contribute 14% of salary to RPF.

Compute Salary income of Mr. Pillai.

34. Explain the classification of perquisites on the basis of taxability.
35. Determine the Income from House Property in the following case for the year 2018-19. Two third portion of the house is self occupied and one third is let out for Rs.10,000 p.m. The let out portion remained vacant for three months. Further, the tenant did not pay one month rent but he is still residing in the house. Municipal tax Rs.3,000 was paid during the year which is 1% of municipal valuation. Interest on loan taken in 2012 for construction of the house, Rs.1,20,000 was due but not paid till 31.3.2019.

**(2 × 15 = 30 Marks)**

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